

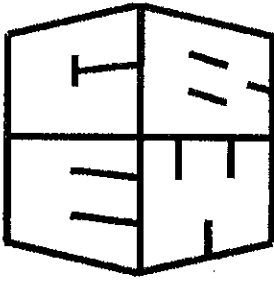
NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

BASIC FINANCIAL STATEMENTS
June 30, 2020

**NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma**

CONTENTS

	Page No.
Independent Auditor's Report	1-2
Basic Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10
Report Required by <i>Government Auditing Standards</i>:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12



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INDEPENDENT AUDITOR'S REPORT

January 13, 2022

Board of Directors
Noble County Public Facilities Authority
Perry, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Noble County Public Facilities Authority (NCPFA), a component unit of Noble County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Noble County Public Facilities Authority as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Noble County Public Facilities Authority, a component unit of Noble County, Oklahoma, and do not purport to, and do not, present fairly the financial position of Noble County, Oklahoma, as of June 30, 2020 and the changes in its financial position and cash flows in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

NCPFA has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2022, on our consideration of the Noble County Public Facilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Noble County Public Facilities Authority's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

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Certified Public Accountants
Cushing, Oklahoma

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

STATEMENT OF NET POSITION
June 30, 2020

	June 30, 2020
Assets:	
Cash and investments:	
Cash and cash equivalents (Note 1)	\$ -
Restricted assets:	
Trustee accounts/cash & investments (Note 1)	381
Capital assets:	
Land, buildings and work in process	21,819,541
Less accumulated depreciation	<u>-</u>
Total assets	<u>21,819,922</u>
Deferred outflows of resources:	
Total deferred outflows	<u>-</u>
Liabilities:	
Accounts payable	-
Revenue bonds payable (Note 3)	755,533
Non-current liabilities:	
Revenue bonds payable (Note 3)	<u>21,064,389</u>
Total liabilities	<u>21,819,922</u>
Deferred inflows of resources:	
Total deferred inflows	<u>-</u>
Net position:	
Net investment in capital assets	(381)
Restricted	381
Unrestricted	<u>-</u>
Total net position	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the basic financial statements.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

STATEMENT OF ACTIVITIES
For the Fiscal Year Ending June 30, 2020

	June 30, 2020
Revenues:	
Administrative fee income	\$ -
Total revenues	<u>-</u>
Expenses:	
Audit fee	-
Miscellaneous	-
Total expenses	<u>-</u>
Operating income (loss)	<u>-</u>
Other income and expense:	
Interest income	-
Total other income and expense	<u>-</u>
Net income (loss)	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

STATEMENT OF CASH FLOWS
For the Fiscal Year Ending June 30, 2020

	June 30, 2020
Cash flows from operating activities:	
Cash received from sales taxes	\$ -
Cash payments to suppliers for goods and contractors and other services	-
Net cash provided by operating activities	-
Cash flows from noncapital financing activities:	
Miscellaneous income	-
Net cash provided (used) for noncapital financing activities	-
Cash flows from investing activities	
Interest income	-
Net cash provided (used) by investing activities	-
Cash flows from financing activities:	
Acquisition and construction of capital assets	(16,465,665)
Principal paid on debt	(574,561)
Proceeds from new issues	17,040,000
Net cash provided (used) for capital and related financing activities	(226)
Net increase (decrease) in cash	(226)
Cash and cash equivalents at beginning of year	607
Cash and cash equivalents at end of year	\$ 381
Reconciliation of operation income to net cash provided by operating activities:	
Operating income (loss)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	-
Change in assets and liabilities:	
Increase (decrease) in accounts payable	-
Total adjustments	-
Net cash provided by operating activities	\$ -

The accompanying notes are an integral part of the basic financial statements.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Management

Noble County Public Facilities Authority (NCPFA) is a public trust created October 9, 2007 under the authority and pursuant to the provisions of Title 60, Oklahoma Statutes 2001, Sections 176-180.3, as amended and supplemented in the Oklahoma Trust Act. NCPFA was created generally to promote the development of educational activities within the County, and is exempt from State and Federal income taxes. The Authority issued Series Bonds for the purpose of acquiring school buildings, school furniture, fixtures and equipment, and school sites.

NCPFA by virtue of common control and dependence is a component unit of Noble County, Oklahoma. NCPFA has a three-member board was appointed by the Board of County Commissioners to serve as Trustees of the Authority. Noble County maintains beneficial interest in NCPFA. The financial activities of Noble County and its other component units are not included in the financial statements of NCPFA.

The financial statements present only the Noble County Public Facilities Authority and do not purport to, and do not, present the financial position of Noble County, Oklahoma, as of June 30, 2020.

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The accounts of the NCPFA are organized as a proprietary fund that is considered to be a separate accounting entity. The operations of the fund are summarized by providing a separate set of self-balancing accounts that include its assets, liabilities, net position, revenues and expenses. A proprietary fund is used to account for operations that are financed in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing facilities is financed through sales taxes. Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) are included in the balance sheet.

Financial activity is accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma Statutes authorize NCPFA to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, NCPFA can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, NCPFA's cash and cash equivalents are considered to be; cash on hand, demand deposits, and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments.

Custodial Credit Risk

At June 30, 2020, NCPFA held unrestricted deposits of approximately \$381 at financial institutions. NCPFA's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by NCPFA or by its agent in NCPFA's name.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

1. Deposits and Investments (Continued)

Investment Interest Rate Risk

NCPFA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

NCPFA has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The cash and investments held at June 30, 2020 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Money Market	N/A	AAAm	\$ 381	\$ 381
Total investments			<u>\$ 381</u>	<u>\$ 381</u>

Concentration of Investment Credit Risk

NCPFA places no limit on the amount it may invest in any one issuer. NCPFA has the following of credit risk: 100% in Money Market funds (\$381).

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

2. Restricted Cash and Investments

The restricted bond fund cash and investments are the result of financial requirements of bond issues and consist of funds held in accounts with the Trustee bank. Under the terms and provisions of the Bond Indenture, these special accounts and reserve funds are maintained for the benefit of the holders of the bonds and are not subject to lien or attachment by any other creditors. These accounts and reserve funds are to be maintained so long as any bonds are outstanding. Monies contained in the accounts and reserve funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the trust indenture.

3. Fair Value of Financial Instruments

NCPFA's financial instruments include cash and cash equivalents, temporary investments, interest receivable, interest payable and accounts payable. NCPFA's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

4. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Inventories

Inventories consist of minimal amounts of expendable supplies held for consumption. The costs of inventories are recorded as expenditures when purchased rather than when consumed.

6. Capital Assets

Additions to the buildings and equipment are recorded at cost or, if contributed property, at their estimated acquisition value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. The Authority does not maintain a formal capitalization policy.

Depreciation for major movable equipment and building and improvements is computed on the straight-line method over useful lives of 5-20 years for equipment and 30 years for buildings and improvements.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

2. CAPITAL ASSETS

The following is a summary of changes in property and equipment.

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
Land, buildings & CIP	\$ 5,353,876	\$ 17,040,000	\$ 574,335	\$ 21,819,541
Total	5,353,876	17,040,000	574,335	21,819,541
Less accumulated depreciation	-	-	-	-
Net	<u>\$ 5,353,876</u>	<u>\$ 17,040,000</u>	<u>\$ 574,335</u>	<u>\$ 21,819,541</u>

3. LONG-TERM DEBT

NCPFA's Lease Revenue Note Series 2013 were issued for acquiring school buildings, school furniture, fixtures and equipment, and school sites, for the benefit of the Morrison School District.

NCPFA's Lease Revenue Note Series 2020 were issued for acquiring school buildings, school furniture, fixtures and equipment, and school sites, for the benefit of the Perry School District.

Non-Commitment Debt:

This debt is considered non-commitment (conduit) debt to the County and NCPFA since the debt payments are made solely from direct financing lease payments. Payments are made by the Morrison and Perry Public Schools to trustee banks that pay the bondholders. In the event of default by the Schools, the County and NCPFA has no obligation, legally and in substance, to make any payments on the debt since the lease receivable, financing agreements and mortgages on the property with the schools are the security for the debt.

The property, upon which the Projects are located, together with improvements, are leased by the School Districts to NCPFA and then subsequently subleased by NCPFA back to the District. The bonds are secured by an assignment of the lease revenues and the property leased and subleased. Debt service on the bonds is payable solely from the lease revenues described above. The bond is reported as a liability within the financial statements.

NCPFA's long-term debt are described below.

\$7,285,000 Series 2013 Lease Revenue Note dated August 1, 2013 due in annual installments through August 15, 2024.

\$17,040,000 Series 2020 Lease Revenue Note dated March 31, 2020 due in annual installments through August 20, 2024.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

3. LONG-TERM DEBT (Continued)

The following is a summary of long-term debt transactions of NCPFA:

	Original Amount	Balance Outstanding 6/30/19	Issued	Retired, or Defeased During Year	Balance Outstanding 6/30/20	Current Portion
NCPFA						
Series 2020 Debt	\$ 17,040,000	\$ -	\$ 17,040,000	\$ -	\$ 17,040,000	\$ 145,000
Series 2013 Debt	7,285,000	5,354,483	-	(574,561)	4,779,922	610,533
Total	<u>\$ 24,325,000</u>	<u>\$ 5,354,483</u>	<u>\$ 17,040,000</u>	<u>\$ (574,561)</u>	<u>\$ 21,819,922</u>	<u>\$ 755,533</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt are as follows:

Year Ending June 30,	Series 2020	Series 2013	Totals
2021	\$ 286,983	\$ 785,000	\$ 1,071,983
2022	722,925	800,000	1,522,925
2023	1,537,525	820,000	2,357,525
2024	1,684,825	835,000	2,519,825
2025	1,789,650	2,175,000	3,964,650
2025-2030	9,716,250	-	9,716,250
2031-2032	4,124,100	-	4,124,100
Total Liability	<u>\$ 19,862,258</u>	<u>\$ 5,415,000</u>	<u>\$ 25,277,258</u>

4. RISK MANAGEMENT

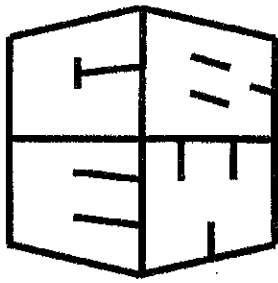
NCPFA is exposed to various risks of loss related to general liability and torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. NCPFA continues to carry commercial insurance for these risks, including general liability, property damage, and public officials' liability.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions through the date of the audit report, which is the date the financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic on the Authority and has concluded that while it is reasonably possible that the virus could have a negative effect on the Authority's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
June 30, 2020



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

January 13, 2022

Board of Directors
Noble County Public Facilities Authority
Perry, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Noble County Public Facilities Authority (NCPFA), a component unit of Noble County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise NCPFA's basic financial statements, and have issued our report thereon dated January 13, 2022. NCPFA did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NCPFA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NCPFA's internal control. Accordingly, we do not express an opinion on the effectiveness of NCPFA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCPFA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBEW Professional Group, LLP

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Cushing, Oklahoma